

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Purchase of City of Iowa City Water Plant Property  
**Date:** September 9, 2002

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**Recommended Actions:**

Subject to approval of the Executive Council of Iowa, approve the Offer to Buy Real Estate and Acceptance between the University of Iowa and the City of Iowa City, for the University's purchase of the City's water plant property (to be vacated upon completion of a new facility), at the purchase price of \$1,106,000, effective July 1, 2003, including the following provisions:

1. The University's purchase of five parcels of property totaling 157,739 square feet, generally located east of the Iowa River and west of the North Campus Chilled Water Facility, on the University's east campus.
2. The granting of six permanent easements totaling 49,608 square feet to the City of Iowa City to maintain the City's access to the Iowa River and existing utility lines.
3. The modification of the "28E Agreement Between the City of Iowa City and the University of Iowa Providing for the Development, Use, Occupancy, Management and Operation of a Parking Garage and Chilled Water Facility and a Water Storage Facility," dated August 9, 1988.

**(ROLL CALL VOTE)**

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**Executive Summary:**

The University requests approval of the "Offer to Buy Real Estate and Acceptance" (Offer to Buy) with the City of Iowa City for the purchase of the City's water plant property, which will be vacated upon completion of a new water plant facility (scheduled for next spring).

The property consists of five parcels (157,739 square feet) on the University's east campus. (A map indicating the location of the parcels is included as Attachment A.)

- The property borders generally extend to the Iowa River on the west, the North Campus Chilled Water Facility on the east, and near North Hall to the north.
- The property also extends south on Madison Street, east of the Iowa Advanced Technology Laboratories, to Market Street.

The University wishes to purchase the property for future east campus development; the specific use and timeline for development of the property have not been determined at this time.

The Offer to Buy would grant six permanent easements (49,608 square feet) to the City to maintain access to the Iowa River and utility lines at the site.

The existing 28E Agreement between the University and the City would be modified to incorporate the provisions of the Offer to Buy into the 28E Agreement, remove inconsistencies between the two documents, and revise the expiration date to December 31, 2052.

- The 28E Agreement (1988) provided for the joint development of the University's North Campus Chilled Water Plant and parking facility, and a City water storage facility, adjacent to the former City water plant property.

The Offer to Buy provides for payment and possession of the property by the University by July 1, 2003.

The purchase price for the five parcels of \$1,106,000 is consistent with Board policy for the purchase of property.

Funds for the purchase would be provided by Income from Treasurer's Temporary Investments

A report of the Attorney General's Office review of the Offer to Buy, easement agreements, and Addendum to the 28E Agreement will be made at the September meeting.

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**Background and Analysis:**

Property  
Acquisition

The property consists of five parcels totaling 157,739 square feet, as follows:

- Parcel A—14,793 square foot triangular parcel located between the Iowa River and the western boundary of North Madison Street.
- Parcel B—53,712 square foot rectangular parcel located immediately to the west of the North Campus Chilled Water Facility, which includes the west half of Iowa City Block 100 and extends into North Madison Street.
- Parcel C—12,800 square feet of Davenport Street located immediately to the north of Parcel B .
- Parcel D—63,608 square feet of North Madison Street, sharing the same northern border as Parcel C and extending south on North Madison Street to Market Street.
- Parcel E—12,826 square feet of Bloomington Street located immediately to the south of Parcel B.

Parcels C, D, and E are City streets which would be vacated by the City.

The property includes two water treatment buildings and an intake building which would be vacated by the City upon completion of its new water plant facility.

- The facilities would be demolished and removed when the site is developed by the University at a future date.

The proposed purchase price is based on two appraisals of the primary tracts of land (Parcels A and B) which each valued the property at \$2,770,000.

- The appraised value was reduced by the estimated cost for the demolition and removal of the property improvements at the site to arrive at the proposed purchase price of \$1,106,000.

Easements

The easements consist of six parcels totaling 49,608 square feet, as follows:

- A three square foot easement through the north tip Parcel A to provide access to the Iowa River.
- A 1,640 square foot easement generally along the southern border of Parcel B for a water main and electric and telecommunications lines located in the west half of Iowa City Block 100.

- A 6,549 square foot easement through Parcel C for a water main, drain line, electric and telecommunication lines, and Jordan and Silurian well sites, located in Davenport Street.
- A 36,158 square foot easement which extends the length of Parcel D for a water main, sanitary sewer, electric and telecommunications lines located within North Madison Street.
- A 2,051 square foot easement through Parcel E for water, electric and telecommunications lines, located within Bloomington Street.
- A 3,207 square foot easement through Parcel E for a drain line, located within Bloomington Street.

#### 28E Agreement

In August 1988 the University entered into a 28E Agreement with the City of Iowa City for the joint development of the University's North Campus Chilled Water Plant and parking facility, and a City water storage facility, on the east campus.

- The facilities were constructed immediately adjacent to the City's Water Treatment Plant; the City's water storage facility is located below the chilled water plant.
- The 28E Agreement, which addresses the joint financing, construction, ownership and operation of the facilities by the City and the University, was approved with a 50-year term and is currently in effect through December 31, 2038.

The 28E Agreement would be modified to incorporate the provisions of the Offer to Buy, as follows:

- The City's existing fire lane easement located within Parcel B would terminate whenever the University would construct any improvement on any portion of this easement area.
  - The University would be required to provide the City with a replacement fire lane access route on either Bloomington Street to the south or Madison Street to the west, or at some other mutually agreed location.
- The termination date of the agreement would be revised from December 31, 2038, to December 31, 2052, to provide a new 50-year term for the agreement.
- Consistent with the City's right to use the water storage facility, the agreement would be updated to reflect the City's right and obligation to maintain the booster station addition that was constructed to the water storage facility.

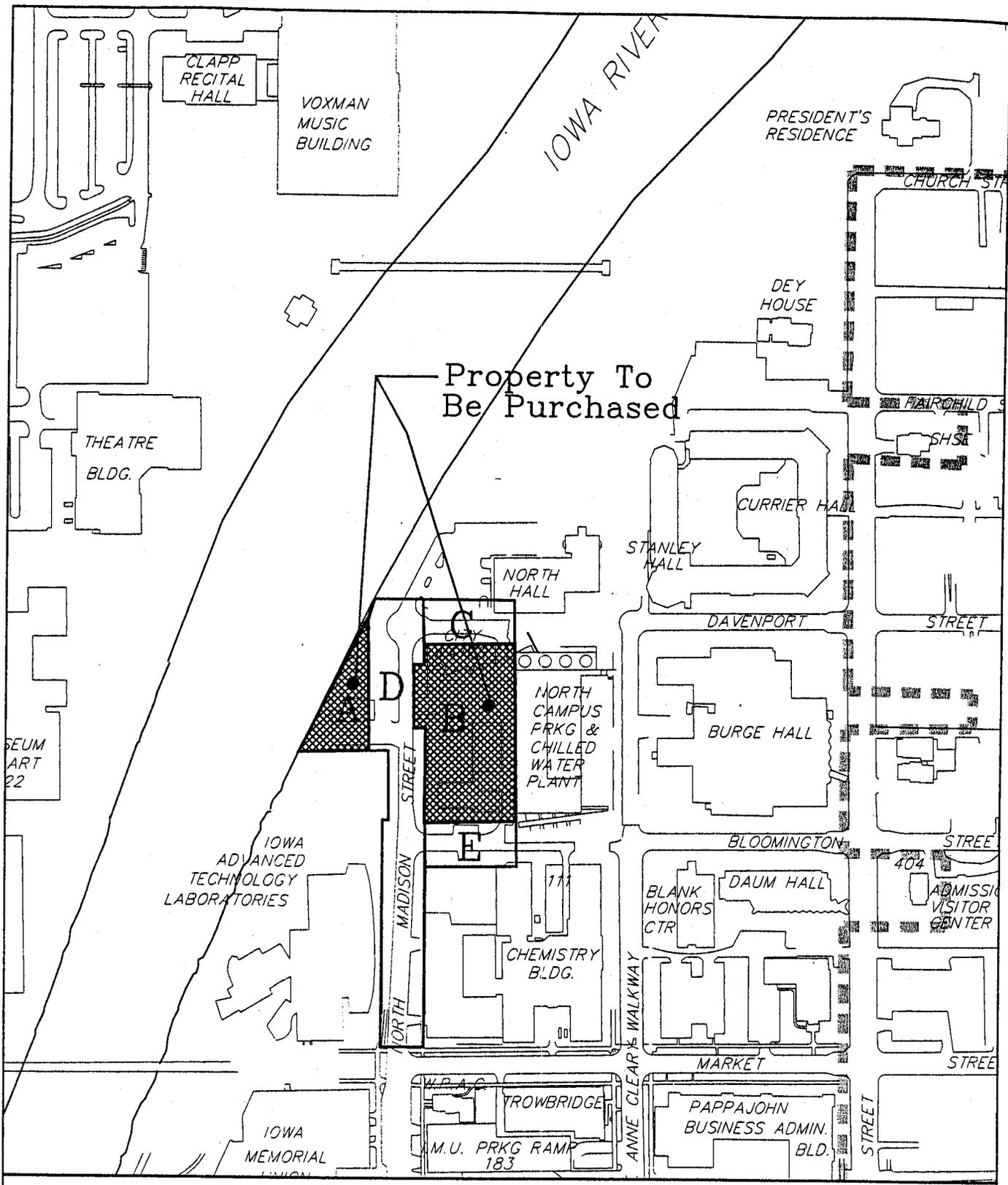
- An inaccurate street reference for the existing location of two water mains would be corrected.

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Sheila Lodge

Approved:   
Gregory S. Nichols

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Property To Be Purchased

Plotted 9-04-02  
ic-waterPlant.dwg

### THE UNIVERSITY OF IOWA

#### LOCATION MAP

## Iowa City Water Plant Property



Scale: 1" = 240'